

# CURRENT AFFAIRS

22 September 2022



## TOPIC: BANKING

# Bank GNPA's may hit decadal low of 4% in FY24: Crisil Ratings

**The Hindu Bureau**  
MUMBAI

The gross non-performing assets (GNPAs) of banks is expected to improve 90 basis points (bps) to 5% this fiscal year-on-year, and another 100 bps to a decadal low of 4% by March 31, 2024, riding on post-pandemic economic recovery and higher credit growth, Crisil Ratings said.

The asset quality of the banking sector would also benefit from the proposed sale of NPAs to the National Asset Reconstruction Company Ltd. (NARCL), it said.

**Gross NPAs in MSME segment may rise to 10-11% by March 2024 from 9.3% as on March 31, 2022**

However, not all segments would perform equally well, the agency said, adding the biggest improvement would be seen in the corporate segment, where gross NPAs may drop below 2% next fiscal from 16% as on March 31, 2018. Gross NPAs in the MSME segment may rise to 10-11% by March 2024 from 9.3% as on March 31, 2022.

- ✓ NPA refers to a classification for loans or advances that are in default or are in arrears on scheduled payments of principal or interest.
- ✓ In most cases, debt is classified as non-performing, when the loan payments have not been made for a minimum period of 90 days.
- ✓ Gross non-performing assets are the sum of all the loans that have been defaulted by the individuals who have acquired loans from the financial institution.
- ✓ Net non-performing assets are the amount that is realised after provision amount has been deducted from the gross non-performing assets.

# *Shrinkflation*

Shrinkflation refers to the tampering of a product while maintaining retail price

G.S. Bajpai  
Sangeeta Taak

Shrink inflation is when a product downsizes its quantity while keeping the price the same. For example, reducing the scoops of ice cream in a container or reducing the number of chips in a packet would count as shrinkflation. In other words, shrinkflation occurs when goods shrink in size but consumers pay the same price. It occurs when manufacturers downsize products to offset higher production costs but keep retail prices same.

## **The effect of inflation**

The effects of inflation on consumers' daily lives are numerous. Rent, food, gas, and other living expenses are some of the ways inflation negatively impacts consumers. Shrinkflation deceives consumers into believing that the brands they buy are not affected by inflation, since container and vessel sizes are reduced by very small amounts, saving manufacturers more money in the long run. From toilet paper to yogurt and coffee to corn chips, manufacturers worldwide are quietly shrinking package sizes without lowering prices.

Shrinkflation occurs when materials or ingredients used to make products become more expensive and when there is intense competition in the market. As a result, instead of raising prices, they might just give you less of the product so as to maintain their profit margins. Companies think that they can keep profits rolling in by keeping the change under the radar – all while the consumer is unaware.

Shrinkflation can occur in different ways. It's not just the weight that will be compromised as it is not uncommon for companies to look for alternative options. If consumers are aware that the quantity is constantly declining, they would switch or change brands. To prevent this, a product can reformulate or remove ingredients while maintaining its price. For example, Cadbury Dairy Milk stopped using foil which it used to prevent chocolate from losing its quality and flavour in order to save expense. Though downsizing products reduces costs for manufacturers, it is an unfair practice toward consumers. It can lead to a loss of trust if companies fail to properly communicate with them. Shrinkflation can lead to customer frustration and deterioration of consumer sentiment towards a producer's brand. However, it is quite common nowadays for producers to practise shrinkflation.

### **Various implications**

In the event of shrinkflation, it is more difficult to accurately measure price changes or inflation. Price points become misleading when the basket of goods cannot always be measured by considering the product size. Tackling shrinkflation means tackling inflation. In India especially, inflation is a complex phenomenon caused by several factors, such as demand-pull factors, cost-push factors, and structural factors. Therefore, we need a mix of macroeconomic policies to manage demand and supply, as well as address structural rigidities in the economy. In India, the Right to Information has been recognised as a consumer right under the Consumer Protection Act, 2019. This means that the consumer has the right to know the quality, quantity, potency, purity, standard, and price of goods. Therefore, the Central Consumer Protection Authority needs to bring some guidelines to inform consumers when the weight of a product is reduced, instead of letting consumers be fooled by companies.

## **TOPIC: PREAMBLE**

**Source of the Indian Constitution:** The People of India are revealed to be the source of the authority of the Indian Constitution. The words, 'We, the People of India' reflect the same.

**Nature of the Indian State:** The Preamble of India tags India as the sovereign, secular, republic, secular and democratic nation

**Objective of the Indian Constitution:** Justice, Liberty, Equality and Fraternity are denoted as the objectives of the Preamble of India

**Adoption Date of the Constitution of India:** November 26, 1949 as the date when then the Indian Constitution

# The ambit of fraternity and the wages of oblivion

**T**hese principles of liberty equality and fraternity are not to be treated as separate items in a trinity. They form a union of trinity in the sense that to divorce one from the other is to defeat the very purpose of democracy,' said B.R. Ambedkar in the Constituent Assembly, in 1949.

It is often forgotten that 'fraternity assuring the dignity of the individual and the unity and integrity of the Nation' is, along with Justice, Liberty and Equality, among the basic values inscribed in the Preamble of the Constitution of India whose first line asserts, 'We, the People of India' have solemnly resolved to 'secure' to all the citizens of India.

#### The responsibility of the individual citizen

B.R. Ambedkar provided its rationale with remarkable foresight: 'We must begin by acknowledging the fact there is a complete absence of two things in Indian society. One of these is equality' and as a result of it we would enter into 'a life of contradictions' on January 26, 1950.

However, practical adherence to this commitment was given shape only by the Forty-Second Amendment (1976) in Article 51A (e) on Fundamental Duties.

It makes it the duty of every citizen of India 'to promote harmony and the spirit of common among all the people of India, transcending religious, linguistic and regional or sectional diversities.

Significantly, the responsibility for bringing this about does not rest with the state but seems to be the responsibility of the individual citizen. We, therefore, need to comprehend the meaning



**Hamid Ansari**

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It is often forgotten that 'fraternity' is among the basic values inscribed in the Preamble of the Constitution of India

and relevance of this pious wish. How has it become a political principle of relevance?

A poet summed it up neatly: *Unka jo aqeeda hai who ahl-e-sayaasat Jaanen; Mera paigham mohabbat hai, jahaan tak pahunche* (The politicians' creed, the politicians know/ (Mine is the message of love, be it heard afar)

The idea of fraternity is based on the view that people have responsibilities to each other. It was defined after the French Revolution in the following terms: 'Do not do to others what you would not want them to do to you; do constantly to others the good which you would wish to receive from them.' The vagueness of the definition suggests that, despite its place in the revolutionary slogan, the idea of fraternity was not clearly understood. It is generally seen as an emotion rather than a principle.

In the Indian context however, as understood and articulated by B.R. Ambedkar, there is a sense of the imperative in the emotion. This is reflected in the wording of this section of the Preamble where the dignity of the individual and the unity of the nation both necessitate this emotion, and thereby lend a sense of urgency to it. It thus becomes an essential ingredient of citizenship that can be evaded or neglected at the cost of the concept itself.

#### The shape of inequality

An aggravating factor, often overlooked, is the shape that inequality takes in different segments of our society. It is economic on one plane; on others it is regional, caste and religious. Some are spelt out, others understated, still others assumed. Sociologists have identified nine categories of people who are determined to be socially and/or politically and/or economically excluded. These particularly include Dalits, Adivasis, women and religious minorities.

Recent studies on religious minorities who constitute around 20% of India's population have traced discrimination relating to them to perceptions that relate to the very origins of thinking that brought about the partition of August 1947. They argue that violence was not merely accidental but integral to the foundation of the nation and that the need for fraternity coexisted with the imperative need for restoring social cohesion in segments of society.

Much blame for the haste displayed by decision-makers has been written about on the basis of the documentation made available subsequently and, at this distance of time, its validity cannot be dismissed altogether.

A primary concern of the Constitution-makers related to cohesion and integration of the units of

the new Republic formally described as 'A Union of States'. In the words of Sardar Vallabhbhai Patel, 'the inspiration and the stimulus came from above rather than from below and unless the transplanted growth takes a healthy root in the soil, there will be a danger of collapse and chaos.' This was amplified by V.P. Menon as the integration 'of the minds of the people'.

In a speech in the Constituent Assembly on December 22, 1952, B.R. Ambedkar dwelt on what he called 'Conditions Precedent for the Successful Working of Democracy'. He listed these as: absence of glaring inequalities; presence of an opposition; equality of law and administration; observance of constitutional morality; avoidance of tyranny of majority over minority; a functioning of moral order in society, and public conscience.

Over time, uneven development has characterised the States of the Indian Union. Regional and linguistic diversity characterises them. And so does uneven economic development and progress, resulting in uneven levels of education, employment, social cohesion and contentment.

#### Question for the leadership

Seventy-five years on, a candid assessment of the state of the Republic makes us cogitate on evidence of regional diversity, assertion of linguistic identity and emergence of diverging political orientations. While the first two are physical and social realities, the third is a product of thriving diversity. Each is real, each is also disconcerting from the viewpoint of federal governance hitherto practised, and each seeks accommodation in a divergent framework.

Where does this take fraternity? Article 51A(e) of the Constitution does not differentiate between citizens on any of the categories mentioned above and makes it an all-encompassing duty. Its ambit therefore is universal; its observance, by the same logic, has to begin at the base of the ladder of citizenship rather than the top but does not spare the leadership from the obligation to promote and practise it.

Has this been done in practice? How often have social and political leaders of opinion promoted fraternity, incidentally or specifically, locally, within the region or nationally? The record is depressing; hence the ease with which non-fraternal patterns of behaviour seem to emerge in our society. Does this promote national integration, rhetoric apart? Was the bloodshed of 1947 ('10 million or one in every 35 persons in the subcontinent') a forerunner of lesser ones that followed?



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## TOPIC: SPACE

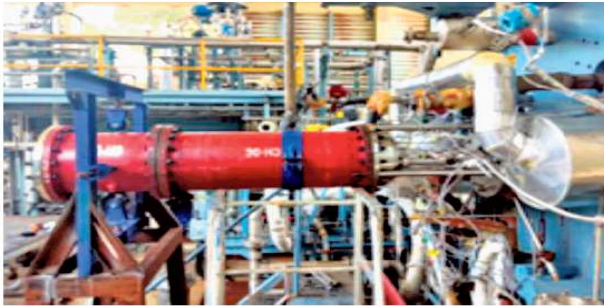
# ISRO successfully tests hybrid propulsion system, to aid future technologies

**The Hindu Bureau**  
THIRUVANANTHAPURAM

The Indian Space Research Organisation (ISRO) said on Wednesday that it successfully demonstrated a hybrid propulsion system that used a solid fuel and liquid oxidiser.

The hybrid motor was tested at the ISRO Propulsion Complex, Mahendragiri, on Tuesday evening. The hybrid system is more efficient, "greener" and safer to handle, and paves the way for new propulsion technologies for future missions, the Vikram Sarabhai Space Centre (VSSC), which tested it with support from the Liquid Propulsion Systems Centre (LPSC), said.

In the ground-based test, the flight equivalent 30 kN hybrid motor used HTPB-based (hydroxyl-ter-



The propulsion system used a solid fuel and liquid oxidiser. ISRO

minated polybutadiene) aluminised solid fuel and liquid oxygen (LOX) as oxidiser. The test was performed for 15 seconds on a 300-mm sounding rocket motor.

Conventional HTPB-based solid propellant motors used in rockets use ammonium perchlorate as oxidiser. In rocket engines, oxidisers supply the oxy-

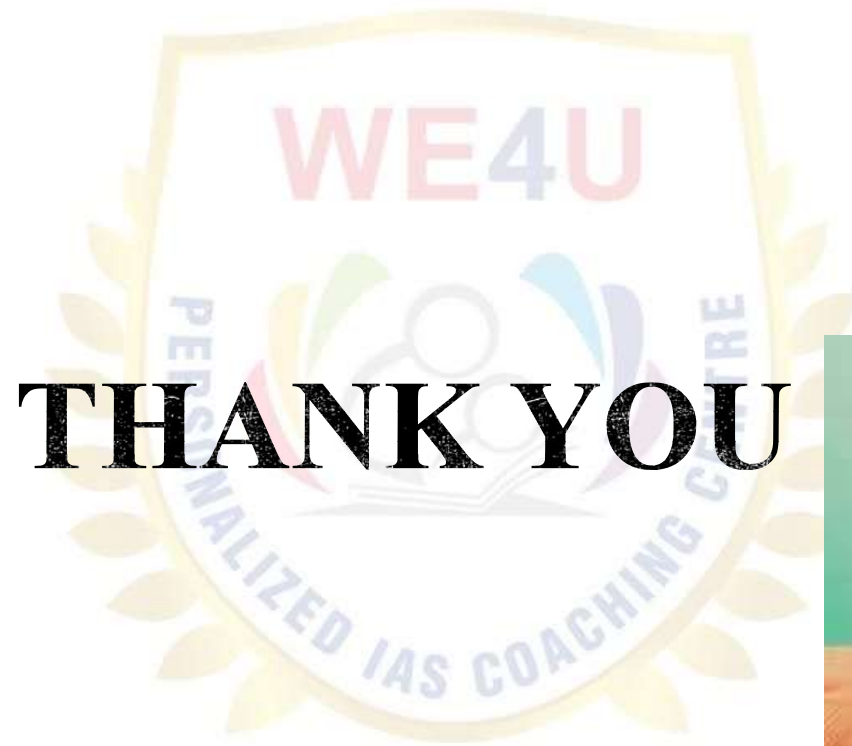
gen needed for combustion.

While both HTPB and LOX are green, the cryogenic LOX is safer to handle. And unlike conventional solid motors, the hybrid technology permits restarting and throttling capabilities on the motor. The use of liquids facilitates throttling and control over the flow rate of LOX.

✓ ISRO is the national space agency of India. It is headquartered in Bangalore.

✓ It is India's primary agency for doing tasks related to space-based applications, the development of the latest technologies, and space exploration.

✓ ISRO operates under the Department of Space that is directly overseen by the Prime Minister of India.



**THANK YOU**

